

Semiannual Report

01 January – 30 June 2005



Focused on the Essentials

KEY FIGURES

in EUR millions	Q2/05	Q2/04	Change in %	1.Hy/05	1.Hy/04	Change in %
Order income, net	26.9	32.3*	-17 %	50.1	56.7*	-12 %
Order Backlog as of 06/30/2005	–	–	–	41.6	44.9	-7 %
Sales, net	27.7	26.6	4 %	48.4	45.8	6 %
Gross Earnings	10.8	9.9	9 %	18.2	16.1	13 %
Gross Margin	39.1 %	37.4 %	–	37.6 %	35.3 %	–
EBITDA	0.4	-1.1	136 %	-2.5	-5.4	53 %
EBITDA Margin	1.4 %	-4.2 %	–	-5.3 %	-11.8 %	–
EBIT	-0.7	-2.5	73 %	-5.2	-8.1	36 %
EBIT Margin	-2.4 %	-9.3 %	–	-10.7 %	-17.7 %	–
Equity Ratio	–	–	–	60.8 %	63.0 %	–
Net Cash	–	–	–	16.5	20.9	-21 %
Free Cash Flow	-6.4	-1.0	-527 %	-2.8	-1.0	-198 %
Earnings per Share	-0.10	-0.18	44 %	-0.43	-0.50	14 %
Employees	–	–	–	686	734	-7 %

*revised



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LEFT: DR. STEFAN SCHNEIDEWIND
RIGHT: STEPHAN SCHULAK

FOREWORD BY THE MANAGEMENT BOARD

DEAR SHAREHOLDERS, EMPLOYEES AND BUSINESS PARTNERS OF SUSS MICROTEC AG,

The first half of 2005 was positive, particularly with regard to sales and earnings. Group sales increased by six percent compared with the same prior-year quarter from EUR 45.8 million to EUR 48.4 million. Operating earnings improved substantially: our loss was reduced by 36 percent, from EUR -8.1 million in the first half of 2004 to its current level of EUR 5.2 million. Earnings per share improved from -0.50 in the corresponding quarter last year to EUR -0.43.

Order entries, at EUR 50.1 million, remained 12 percent below the previous year's very good figures of EUR 56.7 million (revised). This can be attributed mainly to the fact that last year, our Mask Aligner product line was heavily in demand in Asia. Subsequently, the foundries in this location now had a lower level of demand for these products.

The restructuring program started to have an impact in the second quarter, leading to a significant improvement in operating activities: sales increased by 4 percent to EUR 27.7 million (Q2/2004: EUR 26.6 million). The gross profit margin increased from 37.4 percent to 39.1 percent as a result of rigorous cost-cutting measures. Additionally, in the administration and selling areas, savings had an impact: despite exceptional expenses caused by the restructuring, costs in these areas were reduced by EUR 0.6 million. All in all, the operating loss decreased by 73 percent compared with the same quarter last year to EUR -0.7 million.

At present, we are expecting to see a significant increase in order entries in the third quarter of 2005. We are assuming that orders for Mask Aligners will increase again and that the good orders position in the Spin Coater segment will continue to develop in stable fashion. In order to cope with this strong demand for our coating devices in the current year, we have decided to improve the production structures at our Vaihingen site and thereby increase the volume of deliveries. This will involve additional costs of some EUR 1 million that will be charged to results.

From a current point of view, the SUSS MicroTec group's sales for the year are expected to fall within a range between EUR 105 and 115 million. To be

able to achieve sales figures at the same level like 2004 (EUR 113 million), order entries will have to increase substantially in the third quarter. We are adjusting our earnings forecast for 2005 to take account of the aforementioned additional costs at the Vaihingen plant and a changing product mix (smaller proportion of high-margin Mask Aligners). If aggregate sales for 2005 are near the bottom of the sales range, we are not ruling out negative operating EBIT of around EUR -4 million and further adjustments to the figures. If aggregate sales for 2005 turn out to be near the top end of the range, a balanced EBIT will still be possible.

To strengthen the Company's equity base we decided – with the Supervisory Board's approval – to issue up to 1,456,084 new shares (almost 10% of the registered stock). The capital increase will provide for a rights offer of new shares to all shareholders. The Company has received from Supervisory Board chairman Dr. Winfried Süß a placement guarantee for the entire sum of the cash increase in capital stock. We intend to use the inflow of funds to maintain SÜSS MicroTec's short-term liquidity at a comfortable level after the redemption in October 2005 of the first tranche of the 2003 convertible bond issue, totaling EUR 5.6 million. In addition to this, we anticipate sufficient inflows of liquidity from the operative business in the future.

Ladies and gentlemen, on the following pages we report on, among other things, the C4NP project which is proceeding according to plan. Furthermore, in mid-June the SEMICON West, the most important semiconductor fair of all, took place in the US. Two representatives from IBM were present at our booth and were at the disposal of our customers to answer their queries about C4NP. The high level of interest confirmed us in our expectations for this project. We will keep you posted about these developments too.

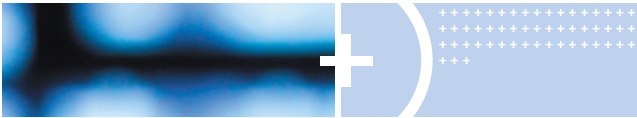
Garching, August 2005



Dr. Stefan Schneidewind
Chief Executive Officer



Stephan Schulak
Chief Financial Officer



SALES AND EARNINGS

C4NP EQUIPMENT DELIVERS FIRST RESULTS

The Beta line of the C4NP equipment developed by SUSS MicroTec delivered its first results as early as July. These indicate that the wafers treated with the completely new C4NP process fulfill every requirement. A number of the equipment's potential customers were invited to the very first preview of these wafers at the SUSS MicroTec subsidiary in Waterbury, USA, and they highly interested took advantage of this opportunity.

Now the C4NP tool is going to be sent to IBM in Fishkill, USA and installed there. Our potential customers will then be able to carry out test runs with their own wafers at IBM and satisfy themselves as to the advantages of this technological innovation.

C4NP is a completely new flip chip bumping technology developed by IBM. C4NP will reduce process costs, which will allow a multiplicity of soldering compositions – and consequently the production of 100 percent lead-free chip connections!

Last September, SUSS MicroTec concluded a joint technology agreement with IBM to the effect that SUSS MicroTec develops, manufactures and sells the equipment for the aforementioned C4NP process. Order entries for the C4NP equipment amounting to USD 15 to 20 million are expected as early as 2006.

SUSS MICROTEC PROBERS MOBILIZE

Our desire to be accessible all over the world is changing the demands being made on mobile devices such as handsets, laptops, Blackberrys, etc. The already huge – and yet still constantly growing – quantities of data that are sent along the airwaves must arrive quickly and faultlessly at the



other end. At the same time, electricity consumption must be as low as possible so as to be easy on accumulator batteries when their users are on the move. UMTS, wireless LAN and its successor UWB (with transmission capacities of 640 megabits per second) are technologies that meet these demands.

The markets for these high-tech applications are growing rapidly, and SUSS MicroTec recognized the trend at an early stage. In June, two products for testing chips used in these applications were launched on the market on the occasion of the MTT-S (International Microwave Symposium, the largest gathering of specialist testing industry experts). The "SUSS Multi IZI Probe", a test probe, and the "SussCal 6" calibration software are facilitating new, cost-effective functional tests that operate with greater precision. The first orders are expected soon.

SUSS MICROTEC SHAREHOLDERS HAVE CAST THEIR VOTES

At this year's Shareholders' Meeting on June 21 in Munich, the shareholders and proxies who were present represented 3,350,756 no par value shares – and thereby 22.11% of capital stock. The annual financial statements of SUSS MicroTec AG and the consolidated financial statements as per December 31, 2004 were explained in detail by the Management Board.

As usual, the Management and Supervisory Boards were available for a detailed question and answer session.

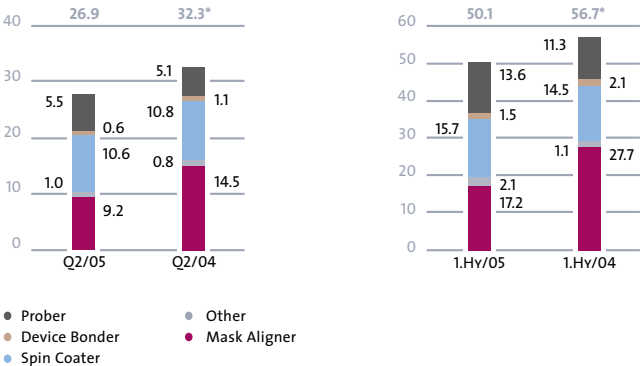
All points on the agenda were approved with a large majority. The agenda, the speech by the Chairman of the Management Board, the presentation and further information about the Shareholders' Meeting 2005 can be obtained on our homepage: [www.suss.com/Investor Relations/Shareholders' Meeting](http://www.suss.com/Investor%20Relations/Shareholders%20Meeting)



ORDER ENTRIES AND SALES BY REGION / PRODUCT LINES

In the first six months of the year, it was the Prober (+55%) and Spin Coater (+28%) product lines in particular that posted substantial year-on-year sales growth; the Mask Aligner (-22%) product line remained below its previous year's level due to the lower proportions of products accounted for by production machinery. In regional terms, sales growth was mostly generated in the US (+28%) and Europe (+9%), while Asia (-14%) showed a negative trend. In the order entries field, further growth was generated by the Spin Coater (+8%) and especially the Prober (+20%) lines, while both the Mask Aligner (-37%) and Device Bonder (-38%) product lines in particular showed substantial declines. As regards the regions, Europe alone saw an increase to order entries (+33%), with the US (-11%) and above all Asia (-35%) falling short of their previous year's levels.

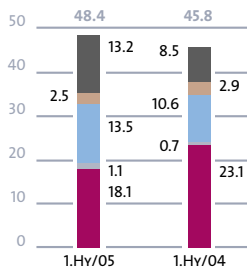
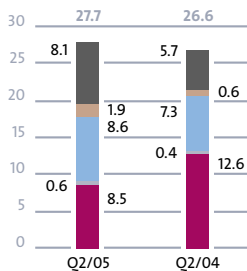
ORDER ENTRIES BY PRODUCT LINE in EUR ^(m)



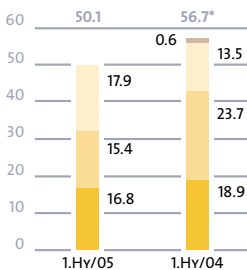
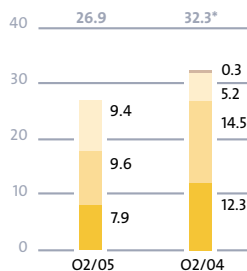
*revised



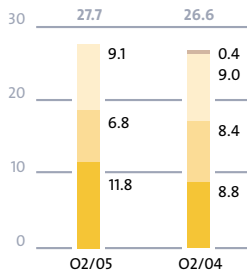
SALES BY PRODUCT LINE in EUR ^(m)



ORDER ENTRIES BY REGION in EUR ^(m)



SALES BY REGION in EUR ^(m)



- USA
- Asia
- Europe
- Rest of the world

*revised

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

TEUR	04/01/05 – 06/30/05*
Sales	28,226
Freight and Commissions	-522
Net sales	27,704
Cost of goods sold	-16,879
Gross profit	10,825
Administration and selling costs	-10,085
Research and development costs	-2,566
Other operating expenses and income	1,026
Foreign currency exchange gains and losses	111
Net income from operations	-689
Interest expenses	-325
Interest income	210
Minority interest	22
Income before taxes	-782
Income taxes	-708
Net loss	-1,490
Earnings before Interest and Taxes (EBIT)*	-667
Earnings before Interest and Taxes, Depreciation and Amortization (EBITDA)*	400
Per share:	
Basic earnings per share in EUR	-0.10
Diluted earnings per share in EUR	-0.10
Transition to Comprehensive income	
Net loss	-1,490
Other comprehensive income net of tax	
Differences in foreign currency translation	141
Additional minimum liability	0
Unrealized loss on securities	0
Comprehensive Income	-1,349

* unaudited

	01/01/05 – 06/30/05*	04/01/04 – 06/30/04*	01/01/04 – 06/30/04*	01/01/04 – 12/31/04
	49,653	27,179	47,195	115,972
	-1,204	-614	-1,390	-3,105
	48,449	26,565	45,805	112,867
	-30,221	-16,635	-29,658	-66,963
	18,228	9,930	16,147	45,904
	-20,778	-10,668	-20,117	-44,602
	-4,616	-2,272	-5,118	-10,371
	1,021	418	570	1,466
	948	118	387	-1,217
	-5,197	-2,474	-8,131	-8,820
	-705	-386	-769	-1,520
	326	90	187	383
	21	-2	12	-11
	-5,555	-2,772	-8,701	-9,968
	-979	101	1,076	-6,722
	-6,534	-2,671	-7,625	-16,690
	-5,176	-2,476	-8,119	-8,831
	-2,547	-1,105	-5,407	-3,224
	-0.43	-0.18	-0.50	-1.10
	-0.43	-0.18	-0.50	-1.10
	-6,534	-2,671	-7,625	-16,690
	199	-15	432	47
	0	0	0	17
	0	0	0	-35
	-6,335	-2,686	-7,193	-16,661



CONSOLIDATED BALANCE SHEET

ASSETS IN TEUR	06/30/05*	06/30/04*	12/31/04
Cash and cash equivalents	20,101	24,095	22,534
Accounts receivable, net	21,005	17,788	27,093
Other receivables and assets	2,767	6,260	2,742
Inventories, net	45,206	47,585	41,245
Prepaid expenses	970	1,045	1,079
Deferred tax assets current	1,267	3,315	1,555
Total current assets	91,316	100,088	96,248
Tangible assets	8,337	10,542	9,023
Intangible assets	4,521	6,427	5,355
Goodwill	28,009	28,009	28,009
Investments in subsidiaries	33	144	55
Deferred tax assets long-term	1,838	7,521	2,374
Other long-term assets	1,692	1,923	1,853
Total long-term assets	44,430	54,566	46,669
Total assets	135,746	154,654	142,917

* unaudited

LIABILITIES & SHAREHOLDERS' EQUITY IN TEUR	06/30/05*	06/30/04*	12/31/04
Current bank liabilities	3,622	3,152	2,550
Current lease obligations	140	139	137
Accounts payable	4,660	8,413	5,676
Current portion of pension liabilities	196	212	255
Current portion of long-term debt	12,952	2,476	7,982
Other current liabilities	20,012	19,240	19,879
Total current liabilities	41,582	33,632	36,479
Long-term debt	7,270	19,165	13,417
Leasing obligations	293	423	388
Pension liabilities	3,468	3,558	3,385
Deferred tax liabilities long-term	153	0	224
Other long-term liabilities	379	487	430
Minority interest on consolidated subsidiaries	21	19	42
Total long-term liabilities	11,584	23,652	17,886
Common stock			
Common stock EUR 1,00 par value 22,635 thousand shares authorized June 30, 2005 and Dec 31, 2004; 15,277 thousands shares issued and outstanding (Jun 30, 2005) respectively 15,157 (Dec 31, 2004)	15,277	15,157	15,157
Additional paid-in capital	84,408	83,515	84,165
Appropriated retained earnings	433	433	433
Retained earnings (current year and brought forward)	-12,140	3,459	-5,606
Cumulative other comprehensive income	-5,398	-5,194	-5,597
Total shareholders' equity	82,580	97,370	88,552
Total liabilities & shareholders' equity	135,746	154,654	142,917

* unaudited

CONSOLIDATED STATEMENT OF CASH FLOWS

TEUR	01/01/05 – 06/30/05*	01/01/04 – 06/30/04*	01/01/04 – 12/31/04
Cash Flow from operating activities			
Net loss	-6,534	-7,625	-16,690
Adjustments to net assets (short term) caused by exchange-rate fluctuations	-626	62	757
Adjustments to reconcile net loss to net cash provided by operating activities			
Non-cash stock based compensation	230	194	750
Amortization of intangible assets	891	919	1,855
Decrease of investments in subsidiaries caused by change in consolidation	0	0	89
Depreciation of tangible assets	1,372	1,712	3,462
Amortization of leased assets	366	81	290
Change of deferred tax assets	824	-1,265	5,642
Change of deferred tax liabilities	-71	0	224
Loss / Gain on disposal of assets	2	0	65
Loss / Gain on investments	22	0	0
Change of reserves for bad debts	246	-393	-417
Change of reserves on inventory	-326	176	763
Changes in assets and liabilities			
Change in accounts receivable	5,842	6,211	-3,070
Change in inventories	-3,635	-5,861	-108
Change in prepaid expenses	109	49	15
Change in other assets	136	321	3,909
Change in accounts payable	-1,016	2,441	-296
Change in other liabilities, provisions and deferred income	133	2,311	2,960
Change in pension liabilities	24	-25	-155
Change in other long-term liabilities	-72	-43	-87
Cash Flow from operating activities	-2,083	-735	-42

* unaudited

TEUR	01/01/05 – 06/30/05*	01/01/04 – 06/30/04*	01/01/04 – 12/31/04
Cash Flow from investing activities			
Payments in tangible assets	-755	-215	-1,239
Payments in intangible assets	0	-3	-7
Proceeds from disposal of tangible and financial assets	0	0	32
Cash Flow from investing activities	-755	-218	-1,214
Cash Flow from financing activities			
Increase of bank loans	0	0	1,250
Repayment of bank loans	-1,177	-1,813	-3,211
Change of current bank liabilities	1,072	-2	-604
Finance-lease payments	-92	-69	-106
Proceeds from issuance of common stock	133	0	0
Cash Flow from financing activities	-64	-1,884	-2,671
Net Change in cash	-2,902	-2,837	-3,927
Adjustments to funds caused by exchange-rate fluctuations	469	147	-324
Funds at beginning of the year	22,534	26,785	26,785
Funds at end of the period	20,101	24,095	22,534
Supplemental cash flow information			
Interest paid during the period	563	689	1,405
Income taxes refund / paid during the period including prepayments	-279	95	-1,830
Disclosure of other non-cash activities			
Increase of tangible assets under capital lease	35	0	94

* unaudited



CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY

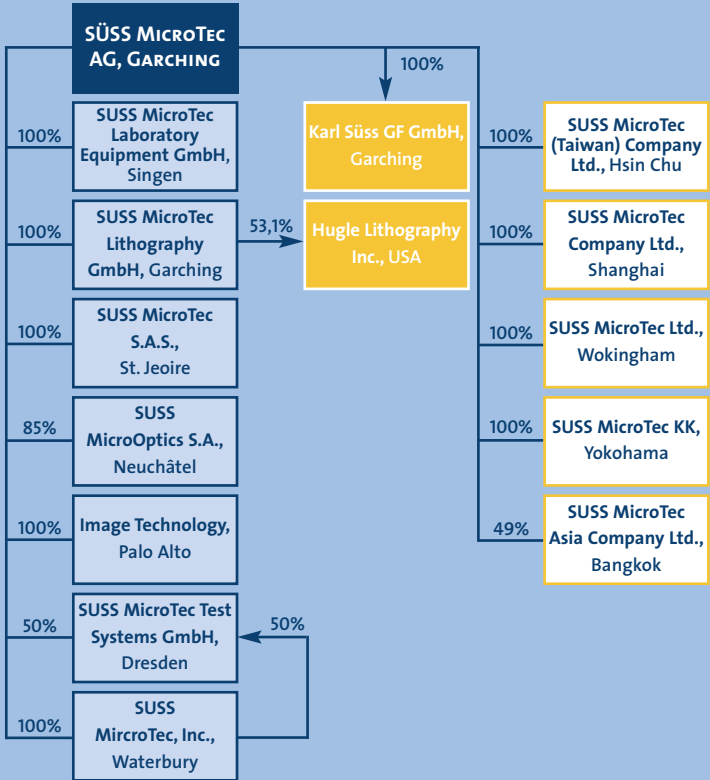
TEUR	Number of shares (in thousands)	Common stock	
As of 01 January 2004	14,957	14,957	
Conversion of convertible debt into common stock	200	200	
Proceeds from conversion of convertible debt			
Issuance of subscription rights			
Annual net loss			
Foreign currency adjustment			
As of 30 June 2004	15,157	15,157	
As of 01 January 2005	15,157	15,157	
Issuance of shares:			
Exercise of stock options	120	120	
Issuance of subscription rights			
Annual net loss			
Foreign currency adjustment			
As of 30 June 2005	15,277	15,277	

DIRECTORS' DEALINGS AS OF JUNE 30, 2005

Executive Board	Shares	Options
Dr. Stefan Schneidewind	6,000	26,448
Stephan Schulak	0	80,286
Supervisory Board	Shares	Options
Dr. Winfried Süß	1,131,000	0
Thomas Schlytter-Henrichsen	6,909	0
Dr. h.c. Horst Görtz	3,894	0
Peter Heinz	400	0
Prof. Dr. Anton Heuberger	0	0
Dr. Christoph Schücking	500	0

	Additional paid-in capital	Earnings reserve	Retained Earnings	Accumulated other Comprehensive Income	Total
	81,561	433	11,084	-5,626	102,409
					200
	1,760				1,760
	194				194
			-7,625		-7,625
				432	432
	83,515	433	3,459	-5,194	97,370
	84,165	433	-5,606	-5,597	88,552
	13				133
	230				230
			-6,534		-6,534
				199	199
	84,408	433	-12,140	-5,398	82,580

SÜSS MicroTEC AG HOLDING STRUCTURE



- Holding Company
- Production Company
- Sales Company
- Inactive / Strategic Investment

Further investments: ZTS Glaubitz (10 %)
 Electron Mec. S.r.L., Milano (10 %)
 Holtronic Techn. S.A. Marin, Helvetia (10 %)

Forward-looking statements: The reports contain forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and you should not place too much reliance on them. Forward-looking statements speak only as of the date they are

CORPORATE CALENDAR

Show	Date	Location
COMS 2005	AUGUST ²¹⁻²⁵	Baden-Baden, Germany
SEMICON Taiwan	AUGUST ¹²⁻¹⁴	Taipei, Taiwan
European Microwave Week	OCTOBER ⁰³⁻⁰⁷	Paris, France
Nie-Month Report	NOVEMBER ⁰⁸	
MEMS Seminar	NOVEMBER	Shanghai, China
SEMICON Japan	DECEMBER ⁰⁷⁻⁰⁹	n. a.

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